



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 24, 2000

H.R. 4389

A bill to direct the Secretary of the Interior to convey certain water distribution facilities to the Northern Colorado Water Conservancy District

As ordered reported by the House Committee on Resources on June 21, 2000

SUMMARY

H.R. 4389 would direct the Secretary of the Interior to convey certain canals and water distribution facilities to the Northern Colorado Water Conservancy District. These facilities are a small part of the Colorado-Big Thompson project in Larimer County, Colorado. H.R. 4389 would require the district to pay \$1,948,515 for the facilities.

Based on information from the Bureau of Reclamation, CBO estimates that enacting H.R. 4389 would reduce direct spending by about \$2 million in fiscal year 2001. These savings would be offset by the loss of offsetting receipts of about \$4 million over the 2001-2012 period. Because enacting H.R. 4389 would affect direct spending, pay-as-you-go procedures would apply. CBO estimates that implementing this bill would have no significant effect on discretionary spending.

H.R. 4389 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). State and local governments would probably incur some costs as a result of the bill's enactment, but these costs would be voluntary.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 4389 is shown in the following table. The costs of this legislation fall within budget function 300 (natural resources and environment).

	By Fiscal Year, in Millions of Dollars				
	2001	2002	2003	2004	2005
CHANGES IN DIRECT SPENDING					
Estimated Budget Authority	-2	a	0	0	0
Estimated Outlays	-2	a	0	0	0
a. Less than \$500,000.					

BASIS OF ESTIMATE

For this estimate, CBO assumes that the conveyance would occur in the beginning of fiscal year 2001. The bill would require the water district to pay \$1,948,515 for the facilities that would be conveyed under H.R. 4389. The bill would credit this amount to the repayment of capital costs for the Colorado-Big Thompson project. Based on information from the Bureau of Reclamation, the federal government would forgo a payment of \$170,555 from the water district in fiscal year 2002, a payment of \$764,463 from the electricity customers of the Western Area Power Administration (WAPA) in fiscal year 2011, and another payment of \$3,003,219 from WAPA customers in fiscal year 2012. If the project is sold in 2001, the federal government could not enter into a contract to sell excess water capacity from the project to the Pleasant Valley Pipeline. CBO estimates that the federal government would receive \$197,261 in fiscal year 2001 from such a contract.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

	By Fiscal Year, in Millions of Dollars										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Changes in outlays	0	-2	0	0	0	0	0	0	0	0	0
Changes in receipts						Not applicable					

Under the Balanced Budget Act (BBA), proceeds from nonroutine asset sales (sales that are not authorized under current law) may be counted for pay-as-you-go purposes only if the sale would entail no financial cost to the government. CBO estimates that the sale of the water facilities as specified in H.R. 4389 would satisfy the conditions in the BBA, and therefore, the proceeds would count for pay-as-you-go purposes. Under BBA, “financial cost to the government” is defined in terms of the present value of all cash flows associated with an asset sale. The forgone payments of about \$4 million over the 2002-2012 period has an estimated present value that is slightly less than the sale price specified in H.R. 4389 (about \$2 million).

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 4389 contains no intergovernmental or private-sector mandates as defined in UMRA. The Northern Colorado Water Conservancy District, a local public agency, would probably incur costs to acquire the four water distribution facilities, but the decision to bear those costs would be voluntary. The district would benefit from the enactment of this legislation.

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